

## **Social Approximate Equilibria in Markets for Indivisible Goods**

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Abstract:

The use of market mechanisms for allocating goods like school slots and courses is hindered by the non-existence of competitive equilibria (CE) when the goods to be allocated are indivisible. To get around this Arrow and Hahn proposed the notion of social-approximate equilibria: a price vector and corresponding demands that 'approximately' clear the market in that the excess demand for goods is "small". In this talk we identify social approximate equilibria where the mismatch between supply and demand is bounded by a parameter  $\delta$  that depends only on agent preferences and not the size of the economy. The parameter  $\delta$  measures the degree of preference complementarity.